

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF MISSISSIPPI  
NORTHERN DIVISION**

**SECURITIES AND EXCHANGE  
COMMISSION,**

**Plaintiffs,**

**v.**

**ARTHUR LAMAR ADAMS AND  
MADISON TIMBER PROPERTIES, LLC,**

**Defendants.**

**No: 3:18-cv-252**

**Carlton W. Reeves, District Judge**

**MOTION FOR CONTEMPT**

Alysson Mills, in her capacity as the court-appointed receiver (the “Receiver”) for Arthur Lamar Adams (“Adams”) and Madison Timber Properties, LLC (“Madison Timber”), through undersigned counsel, respectfully files this Motion for Contempt, and states as follows:

1.

This Court’s order dated June 22, 2018, instructed the Receiver “to determine the nature, location, and value of all property interests” of the Receivership Estate “including but not limited to … claims, rights, and other assets.” Doc. 33 at p. 6. These property interests are “Receivership Property.” *Id.*

2.

The Court’s order separately “restrain[s] and enjoin[s]” any person receiving notice of the order “from directly or indirectly taking any action or causing any action to be taken, without the express written agreement of the Receiver” which would “dissipate or otherwise diminish the value of any Receivership Property.” Doc. 33 at p. 11. “[S]uch prohibited actions include but are not

limited to releasing claims or disposing, transferring, exchanging, assigning, or in any way conveying any Receivership Property.” *Id.*

3.

Finally, the Court’s order separately expressly stays “all civil legal proceedings of any nature … or other actions involving … any Receivership Property.” Doc. 33 at 13.

4.

Among the many “claims, rights, and other assets” of the Receivership Estate that the Receiver has identified are claims against notaries who notarized the fake deeds and promissory notes that Madison Timber recruiters gave to their investors. These claims are Receivership Property and belong to the Receivership Estate. At a minimum, any actions involving the notaries in question and their employers “involve” Receivership Property and the Receivership Estate.

5.

Nevertheless, on October 30, 2018, Alexander Seawright Timber Fund, LLC, acting under the direction of Jon Seawright and Brent Alexander, purported to “release, acquit and forever discharge” three notaries, the UPS store that employed them, the UPS store’s owners, and the UPS store’s insurer from “any and all actions … in any way of [sic] growing out of … [specified] signed notarized documents” for the sum of \$100,000.

6.

Understandably, many investors would like to independently pursue claims against third parties such as notaries, law firms, and banks—but they have respected this Court’s stay, mindful that the Receivership Estate must be permitted to do its work first. The Court’s stay is intended to preserve assets that otherwise could be picked apart, to maximize funds available for equitable

distribution to victims—but it is also intended to ensure that interested parties (here Jon Seawright and Brent Alexander) cannot compromise valuable claims without the Receiver’s input.

7.

It is bold of Jon Seawright and Brent Alexander, themselves facing potential liability for their roles in the Madison Timber Ponzi scheme, to purport to release for the sum of \$100,000 valuable claims against a UPS store whose employees notarized the fake deeds and promissory notes that Jon Seawright and Brent Alexander turned around and gave to their own investors.

8.

The Receiver wishes to advise the Court that Alexander Seawright Timber Fund, LLC, Jon Seawright, and Brent Alexander violated the Court’s order by purporting to release claims that unquestionably “involve” Receivership Property and the Receivership Estate. The Receiver submits that the injury to the Receivership Estate can be cured by entry of an order that:

- commands Alexander Seawright Timber Fund, LLC, Jon Seawright, and Brent Alexander to turnover to the Receivership Estate any money they received in exchange for their purported release;
- commands Kim Breese to turnover to the Receivership Estate any money he retained for his negotiation of the purported release;
- declares the release non-binding on the Receiver and the Receivership Estate; and
- commands Alexander Seawright Timber Fund, LLC, Jon Seawright, and Brent Alexander to pay the Receivership Estate’s attorneys fees and costs in litigating this matter.

The Receiver takes no position on what other sanction would be appropriate to remedy their disregard of the Court’s order.

WHEREFORE, the Receiver respectfully asks that the Court take such action as it deems appropriate, including if necessary by holding a hearing at which Alexander Seawright Timber Fund, LLC, Jon Seawright, and Brent Alexander might show cause why the relief requested should not be granted.

November 19, 2018

Respectfully submitted,

*/s/ Lilli Evans Bass*

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## **CERTIFICATE OF SERVICE**

I certify that I electronically filed the foregoing with the Clerk of Court using the ECF system which sent notification of filing to all counsel of record.

In addition, I have separately emailed a copy of the foregoing to:

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Date: November 19, 2018

*/s/ Lilli Evans Bass*